

Dear Tourism Industry and Friends,

The economic challenges we have all faced this year, both professionally and personally, have provided us with a heightened awareness of *value*.

The value of tourism can be measured on many levels, all of which are important to monitor in order to achieve success and growth.

Value to the consumer is a simple concept that can be created through collaboration and innovation. It is an important element to your marketing that is critical in the competitive tourism environment.

The value tourism brings to our local, state and regional economy is another way to look at the word. The direct and indirect revenues generated by tourism create significant positive economic impact and contribute greatly towards local and state budgets. In 2008, Kentucky generated \$11 billion dollars from the business of tourism.

Tourism also contributes significantly to community quality of life. In many instances, restaurants, golf courses, spas, shopping, and many more activities enjoyed by residents, would not be sustainable without the business generated from tourists. Even preservation and simple basic services like roads and water have been expanded because of need generated by tourism.

The value of the operators, owners and support staff that are responsible for running and promoting the tourism destinations, attractions and events throughout Kentucky should not be taken for granted. Without their efforts, our product would be diminished and the positive emotions and memories experienced in Kentucky would be negatively impacted.

As Secretary of the Tourism, Arts and Heritage Cabinet, I appreciate the hard work and dedication the tourism industry contributes every day to enhancing tourism and its extremely important value to Kentucky. Through prosperous times and challenging times, working together we can increase value to both tourists and the citizens of the Commonwealth.

Sincerely,

Marcheta Sparrow

Secretary, Tourism, Arts and Heritage Cabinet

Marcheta Sparrow

Dear Tourism Colleagues,

There's always two ways to look at things, and I'm a glass-full kind of guy. So when it comes to the business of tourism, I think the outlook for Kentucky is extremely positive – but for some very good reasons. Despite economic challenges ahead, we are well positioned to ride out the storm and end up as a highly desirable tourism destination in the minds of domestic and international travelers. The World Equestrian Games combined with The Kentucky Experience is just one way we are able to showcase Kentucky and invite the world to experience our Unbridled Spirit.

Kentucky enjoys a competitive advantage that many other states do not – iconic, uniquely Kentucky destinations, attractions and events. No one else can claim horses, bourbon and bluegrass. Add in charming small towns, Appalachian crafts, historic sites, music and beautiful scenery filled with outdoor adventures galore, and you end up with destinations, attractions and events - from one end of the state to the other!

By partnering with local and regional tourism organizations, businesses can leverage the funds available through the Tourism Marketing Incentive Program to increase frequency of advertising and achieve greater visibility for each advertising dollar spent. In the long run, collaboration born from limited marketing budgets will help showcase the vast variety of things to do, places to stay, and experiences to enjoy in every region. Combining lead generation advertising with the state's branding effort will increase visitor awareness of the many tourism assets throughout Kentucky and our industry's unbridled tourism spirit.

The Kentucky Department of Travel and Tourism is committed to work hard every day to promote tourism businesses and events. I look forward to working with our industry as we plan for challenging days ahead and continued success ito the future.

Cheers,

Mike Cooper

Commissioner, Kentucky Department of Travel and Tourism

Michael Co

#### INTRODUCTION

In recent years, the consumer mindset towards leisure travel has been one of entitlement and opportunity. The post 9-11 growth in tourism has lead to significant economic contributions on Federal, state and local levels.

Today's economic environment finds business models and projections for industries across the board, facing unpredictable challenges and unprecedented uncertainty. Will the attitude of, "We work hard, we lead busy, stressed lives, we deserve a vacation," prevail?

Preliminary reports indicate that 37% of Americans say that they expect to travel less often for leisure in 2009. Among those who plan to take at least one leisure trip this year, 53% say they will reduce expenditures while traveling by spending less on meals and entertainment. <sup>1</sup>

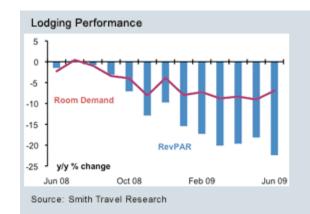
There is no doubt that economic concerns will result in belt-tightening measures however that does not mean the opportunity for Kentucky to maintain market share (and even try to grow share) doesn't exist. The message to attract travelers however, must be carefully crafted. Thanks to the internet, today's consumer is armed with product information, user reviews and up-to-the-minute competitive information on everything from road reports to restaurant reviews. Regardless of the type of business being promoted or reviewed, consumers are looking for the value message that will persuade them to make a decision. From advertising a free Grand Slam breakfast at Denny's during the Super Bowl to posting a listing of the Best Bargain Hotels on Tripadvisor.com, **value** is the word.

For the next 12 to 18 months, the Kentucky Department of Travel will focus its energy on communicating the message that an *affordable* vacation, filled with *unique experiences*, can be found when you travel throughout the Bluegrass State. In Kentucky, visitors to and within the state can enjoy destinations, attractions and events that can not be found anywhere else in the world. Horses, bourbon, Appalachian arts, history, bluegrass music, and outdoor adventure blend together to create an affordable unbridled experience for all!

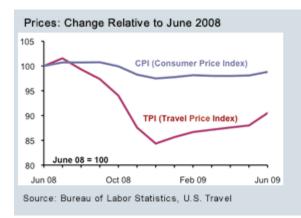
The unique experiences that can be enjoyed while visiting Kentucky need to be illustrated and explained through traditional advertising, earned media, and online efforts. The advertising creative needs to be exciting and compelling - it's a very competitive landscape out there – and the Kentucky Department of Travel is ready to roll up its sleeves and fight for our fair share of the market.

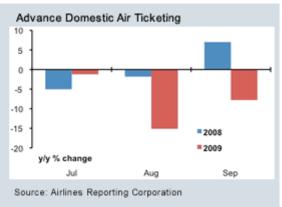
Despite current economic challenges, the U.S. Travel Association, along with many other noted economists, feel the nation's economic downturn has begun to turn around – July's primary travel indicators appear to illustrate the same optimism.

<sup>&</sup>lt;sup>1</sup> Ipsos, December 2008

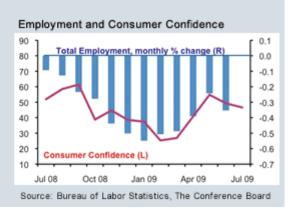












Yes, times are tough, so it is exactly the time to think strategically and not be impulsive. Price to market conditions, but be consistent with your value proposition. Invest in measurable, cost-effective targeted marketing that delivers customized messages and makes an emotional connection with buyers. You can be successful—despite the market—by doing more, not less.

# put on your game face

By Robert Post | President and CEO | TravelCLICK Inc. Source: Hospitality Upgrade, August 2009

# Maintain ROI and Attract Guests, Even in a Down Economy

In 2005, the Kentucky General Assembly enacted a statewide 1% lodging tax on all hotel and motel room charges, with generated funds dedicated to marketing the Kentucky Travel and Tourism industry. When Kentucky's General Fund tax revenues began a sharp decline in 2008, budget cuts took a toll on the Department of Travel's advertising budget and the statewide lodging tax became the primary source of funding for its advertising programs.

While recent belt-tightening in many areas of state government has affected funding in many areas, the Department's Tourism Marketing Incentives program, formerly known as "Matching Funds," continues to operate without cuts in funding.

Through this highly successful program, funded by statewide lodging tax, tourism industry partners receive reimbursement for regional and local marketing programs. Each of Kentucky's nine designated tourism regions receives slightly more than \$110,000 and tourism economic impact and county population determine county allotments.

Once the county allotment is determined, convention and visitors bureaus and tourist commissions, also known as destination-marketing organizations (DMOs), are eligible to receive up to 70% of the county allotment while other eligible applicants may receive up to 30% of the county allotment.

Beginning with the 2010 fiscal year, the reimbursement percentages were revised so that applicants are now rewarded with a higher percentage of marketing fund dollars for partnering with the Kentucky Department of Travel in cooperative advertising programs. DMOs that choose to market through other eligible initiatives receive a lower percentage of match though the program.

Following is a breakdown of reimbursement percentages:

Applicant	Percentage based on participation in state approved co-op programs	Percentage based on programs* selected by applicant outside of state approved co-ops
Regional Committees (as designated by the Kentucky Department of Travel)	100	80/20
CVB or Tourist Commission	90/10	50/50
Other non-profit organizations (attractions, festivals, etc.)	70/30	50/50

\*To be eligible for reimbursement, all programs must fall within allowable projects guidelines, as outlined by the Kentucky Department of Travel. Industry partners can get a complete description of allowable projects by contacting the Department of Travel at (502) 564-4930 or visiting www.kentuckytourism.com/industry.

# Tourism Marketing Incentive Program (TMIP) Cooperative Advertising Opportunities

The funds generated through the statewide lodging tax for tourism marketing have a significant impact on how and where the state plans to advertise. The Kentucky Department of Travel uses approximately \$2,000,000 in statewide lodging tax funds exclusively for marketing and advertising. Much of this funding will be used to create a cooperative advertising program with local and regional tourism partners through the Tourism Marketing Incentive Program.

Beginning with the 2009-20010 fiscal year, reimbursement percentages for the Tourism Marketing Incentive Program have been revised so that eligible applicants will receive a higher percentage of reimbursement for pariticipating in state approved co-ops. By incenting participation in selected programs, the Department hopes to hone in on strategically selected targets and increase visibility by having a larger, united presence in the travel advertising arena.

#### The Process:

Regional tourism organizations and tourism partners were invited to participate in a survey to assist us in understanding their goals and needs. Based on survey results, DK Shifflet research and visitor profiles, target markets were identified focusing on geography, income and areas of interest.

#### The following parameters were defined:

- Geographic target
  - Kentucky
  - o Indiana
  - o Ohio
  - o Tennessee
  - o Illinois
  - West Virginia
  - Michigan
  - Missouri
- Niches
  - o Families (primarily targeting women (moms) 25-54
  - Upscale travelers (HHI 100,000)
  - Seniors/Active retirees (50-74)
  - Culinary
  - Outdoor enthusiasts (camping, fishing, soft adventure)
  - Arts & Antiques
  - Meetings/Conventions
  - Group

- Media Mix
  - o Print 38%
  - o TV 20%
  - o Online 20%
  - Other 22% (may include direct mail, billboards, Arrowcasting, and additional pre-approved non-media related expenses)

New!West, the Department's advertising agency of record, sent out more than 150 Requests for Proposals to print, television, and online media outlets requesting responses with integrated innovative ideas. Vendors were selected based on pricing, reach, frequency, prior effectiveness, and a dedication and commitment to work directly with industry partners.

## TARGET AUDIENCE PROFILES

## **Families**

Meet Cynthia Wade and her family – husband, Rick; daughters Megan (age 10) and Abby (age 8); and their dog, Tink. Cynthia is 38 years old, with a part-time job (which often turns into being more of a full-time job) with the public schools system. She finds time for fulfilling her personal passion by volunteering at the local riding stables for a few hours on the weekends, but finds herself more often than not acting as taxi driver, chef and housekeeper. Cynthia and Rick have a combined yearly income of \$68,000.

The Wades used to take a week-long vacation to Florida every year, but the challenging economy and concern over the stability of Rick's job as a salesman for a construction machinery and supply company, has forced Cynthia to rethink her family's vacation plans. Because of busy day-to-day routines, Cynthia realizes the importance of spending time away to reconnect as a family. She's looking for some fun and inexpensive ideas for long weekend adventures close to home. And, if their budget will allow it, she'd love to try and extend one of those long weekends into a week-long vacation.

## **Upscale**

Meet Barbara and Tom Brandon, recent empty nesters who live in Indianapolis. Barb is a self-proclaimed "domestic goddess" who has spent a lot more time volunteering now that her sons Bill, 21, and Ben, 18, are away at college. Tom is Vice President of Global Diversity for Eli Lilly, earning an annual income of \$120,000. The Brandons love to travel but, in recent years, Tom's job duties have taken him all over the world and the Brandons now seek trips closer to home that provide for a less stressful travel experience. Barb, a history major in college, enjoys museums and more cultural pursuits on trips, but is also game for hiking and golfing, activities that her husband and the boys relish. Each summer, the Brandons enjoy spending time together on vacation. Barb and Tom have also decided to make the most of their new-found freedom from kids in the house and plan to take a couple romantic weekend getaways this year.

# **Empty Nesters**

When Rita Simpson retired from her job as a bank branch manager three years ago, she was afraid she'd be bored. She was surprised to find that rediscovering her passions – birding, quilting, spending time with her grandchildren and even the occasional manicure with her girlfriends – kept her busier than ever. Husband Bill is also retired, but never worried about keeping busy as he has always enjoyed spending time tinkering, especially in the garage with his car and motorcycle. Rita and Bill travel often to visit their daughter Lynn, son-in-law, Josh, and grandkids Ian (age 9) and Grace (age 8), who live only four hours away. They've also indulged in a Caribbean cruise and a trip to Europe since retiring. However, due to their faltering 401(k) investments, Rita and Bill have decided to feed their passion for travel by exploring less expensive (but no less exciting) travel options. Rita has also talked her daughter into letting her and Bill take Ian and Grace on a "trip with grandma and grandpa" during their spring break next year and has already been gathering trip and activity ideas by reviewing magazines and occasionally surfing the internet, but hasn't yet landed on the "perfect" vacation.

## **Culinary Travelers**

Rebecca and Greg Dodge, both 26 years old, are always looking for an excuse to entertain their friends and show off their cooking skills. Rebecca is a lawyer and Greg is a computer software engineer, but they prefer to define themselves more by what they do outside of their work lives. They frequent their local farmers market, but Greg also has an organic vegetable garden of his own, and Rebecca recently signed up for a wine-tasting class at the nearby university. Rebecca is an avid reader and Greg is a music buff, and both enjoy exploring restaurants around town and eat out once or twice a week. Whenever they can find the time, Rebecca and Greg love to travel. They actually prefer to travel by car, as Rebecca has always felt, "the journey is just as fun as the destination." They enjoy city experiences, as the dining options are usually diverse; however, they also love the thrill of finding that unique out-of-the-way shop, restaurant, winery or even agritourism adventure.

### **Outdoor Enthusiasts**

Meet Tony Schultz, a 43 year-old graphic designer, husband and father. In his twenties and early thirties, Tony enjoyed both kayaking, mountain biking and backpacking, but in recent years has found a lot more joy in sharing his love of the outdoors with wife Jeanine and their three kids, Karen (age 15), Angie (age 12) and Michael (age 7). The family enjoys hiking, fishing and camping together (although Jeanine prefers overnighting in a lodge or cabin rather than a tent so the family compromises from time to time). The Schultz' usually take a week long vacation each year, sometimes during spring break, but more often in the summer. With such a large family and a household income of \$45,000 a year, value is always on their minds when Jeanine and Tony make their trip plans. While the vacation typically centers on outdoor activities, they enjoy breaking up the trip with what Angie calls more "civilized" activities like shopping and checking out nearby local attractions. Tony also enjoys an annual long weekend getaway with his old college buddies to return to his more rugged outdoor roots.

# **Arts & Heritage**

Alison Longfield, age 50, is a happily divorced records retention manager at the corporate office of a popular restaurant chain. She is a season subscriber to the local symphony and often frequents productions at the community theatre, but also enjoys exploring museums and historic attractions. But Ali's favorite pastime is antiquing.

Ali and her best friend, Jenny, travel together 6 or 7 times a year, most often taking daytrips, but also enjoying a long weekend getaway every so often. They love checking out special festivals and cultural events and never miss the opportunity to scour the local antique shops for that hidden gem that might one day land them as a featured guest on *Antiques Roadshow*. While both Ali and Jenny must keep an eye on their spending (especially in these uncertain times), they do enjoy staying at bed & breakfasts and have also been known to indulge from time-to-time on that must-have antique or luxury spa getaway.

## **Meetings & Conventions**

Meet Marie Atkinson, an independent meetings and events planner, with clients ranging from nonprofit organizations and religious groups to regional companies and even large corporate events from time to time. Marie has launched successful meetings in Orlando and Las Vegas so many times she's lost count. However, in recent years as her small meetings clients have grown and her client's businesses have been slashing event budgets, Marie has been not only looking for more cost-effective options, but also for unique and friendly meeting locations that will earn her brownie points (and hopefully loyalty) among her clients. Marie keeps up with trends in the meetings industry by reviewing trade publications and surfing the internet several times a week; and also attends trade shows once or twice a year.

## **Group Travel**

Ellen Verse is a group travel planner. While her main focus has always been bus tours for a predominantly retiree-aged audience, Ellen realizes it makes good business sense to expand her repertoire to include offerings for student group tours and those looking for family reunion and faith-based group trips. Ellen's main source of trip ideas comes from attending group travel trade shows, however, she's also been relying more on trade publications (both in print and online) recently to keep her costs down.

## **ADVERTISING PLAN**

## **BROADCAST**

#### Television

Despite new and changing media and changing patterns of behavior brought about by continually emerging technology, television still remains one of the most effective means of communication. Unfortunately because of the huge number of cable stations and programming options that are available it is not always most cost efficient.

The TMIP television option allows industry partners the option of buying network and/or cable airtime at an affordable rate. The Department of Travel has developed a donut ad wherein the advertising partner can insert their specific message within a more generic, over-arching statewide tourism message. The program is being made available in the following targeted geographic markets and via cable programming:

- Network
  - o Charleston-Huntington, WV
  - o Cincinnati, OH
  - o Columbus, OH
  - o Dayton, OH
  - o Evansville, IN
  - o Indianapolis, IN
  - o Louisville, KY
  - Nashville, TN
  - o St. Louis, MO
- Cable
  - Lexington, Louisville, Northern Kentucky Bowling Green targeting:
    - Families
    - Arts & Heritage Enthusiasts
    - Outdoor Enthusiasts
    - Culinary Enthusiasts

In conjunction with a media buy through the Kentucky Broadcasters Association, the Department will continue to air the Saving Lincoln spots. These commercials have a very relevant value message cleverly interlaced among promotion of destination and attractions throughout the state, including Lincoln Heritage sites. Since the most economically impactful revenues generated from tourism visitation are those dollars brought in from other states, the Department will spend the majority of their television budget in out of state markets. Additionally, the Department of Travel plans on airing new commercials in the spring. The ads will be produced based on creative that will mirror the energy and excitement of our new campaign.

#### **Collaboration Opportunities:**

Based on funding available, the Department of Travel would like to encourage agencies within the Cabinet to partner on the current television program options. As the new TV spots are developed, opportunities for cost efficient collaboration will be thoroughly considered.

#### Radio

The in-state radio airtime that is purchased through the Kentucky Broadcasters Association agreement is an extremely economical way to encourage residents to travel within the state. Radio spots that feature events happening across Kentucky are aired monthly to motivate people to travel in-state. First Lady Jane Beshear is the voiceover on the commercials and the background music is the same soundbed as is used in the television commercials. Every month, three different events from three different regions are included in the thirty second ads. The ads will air all year, rotating monthly through June.

## **Print**

The use of magazine advertising is a popular means of projecting imagery and a message. With careful media selection, it can also be targeted based on demographics and psychographics. While print still remains somewhat measurable through business response mechanisms, the accuracy it once offered has been diluted by the consumer's use of the internet. What once was a simple process – see an ad, request additional information via a toll free number or print fulfillment request, measure responses, calculate cost per inquiry – is now as exercise in predicting, forecasting and assumptions. How to measure the effectiveness of and traffic prompted by ads to search online is a difficult question. Specific URLs and landing pages can provide some measurement of response but the large number of online users, who will immediately search for information via search engines, even if they know the URL, makes the tracking somewhat ambiguous.

Despite the challenges regarding measurement, print is a very effective means of creating interest in Kentucky's tourism products. The co-op program offers a wide variety of opportunities for the industry to bundle together small, inexpensive ads to create a larger, more impactful presence in more than 35 national and regional publications.

This **fall**, co-op programming has enabled the state at least a full page presence in the following consumer publications:

- AAA Journeys Cincinnati
- AAA Home & Away Indiana
- AAA Midwest Traveler MO, IL, IN
- Gourmet
- Blue Ridge Country
- Blue Ridge Outdoors
- AARP
- Collinson Newspaper Insert

Advertising to Group Travel and Meeting planners will be the following publications:

- Connect
- Convention South
- Bank Travel Management
- Going on Faith
- Group Travel Leader
- Rejuvenate
- Group Travel Planet

Through the use of TMIP funds, partners will receive significant reimbursement for the space purchase. The Department receives a headline banner in each of the ads. This space will be used to promote our message, toll free number, website and the Unbridled Spirit logo.

## **Print**

Proposed Spring/summer leisure traveler co-ops are with the following publications:

- Kentucky Travel Guide
- Country Living
- Woman's Day
- Midwest Living
- Ladies Home Journal
- Blue Ridge Country
- Blue Ridge Outdoors
- Chicago Magazine
- Budget Travel
- Country Music Highway
- Good Housekeeping
- Kentucky Living
- Kentucky Monthly
- Leisure Publishing Heritage Insert
- Oprah Magazine
- · Reader's Digest
- Southern Living
- Taste of the South
- Collinson Newspaper Insert

*Proposed* publications to reach Intermediaries in the spring include:

- Bank Travel Management
- KTC Meeting Planner Guide
- Group Travel Planet
- Group Travel Leader

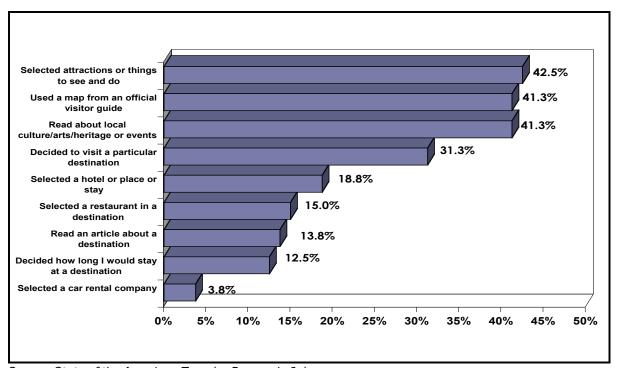
#### OFFICIAL VISITORS GUIDE

One of the most important print publications to the Department and the tourism industry overall, is the Official Visitors Guide. This annual publication is distributed throughout the year in response to phone inquiries, as advertising fulfillment, at the Welcome Centers, and at tour and travel shows.

In an effort to conserve limited financial resources, this year the Guide will be created and published through a third party resource.

The 2010 guide will be published by Miles Media who will work extremely closely with the Department of Travel staff to deliver a book of the high quality that has become the standard of the Department.

While the majority of travel research and planning occurs online, research shows that the consumer still values the information found in printed resources. Below is a chart that indicates the actions taken based on reading an official visitors guide in the past 12 months:



Source: State of the American Traveler Research, July 2007.

#### ONLINE

In June of 2009, the Department issued an RFP for services to completly rebuild the tourism website. The current site lacks the tools and content needed for today's online travel planner and consumer.

The new site will include many state-of-the-art features including:

- Mapping
- Modern design structure and appearance
- New database of attractions destinations and events

The site content will be rewritten and expanded. The site will be developed to optimize search engine result findings.

This is a wonderful opportunity for the state to showcase its tourism assets in the spotlight they deserve.

This site will be developed in Phases, with the first phase anticipated completion date the first quarter of 2010.

Much can be done to maximize the benefits of this new marketing tool. A complete online plan will be implemented in spring 2010. The goal of the plan is to drive more traffic to the site where consumers will be met by motivating content and easily accessible planning tools. Location planners will be able to get a complete understanding of the myriad of unique experiences awaiting them in Kentucky.

In order to get the most return on our online investments, it is important that the 'marketing metrics that matter' be identified and tracked. We must look at 1) reach (basic numbers, volume); 2) efficiency (cost based on reach); 3)consumers (attitudinal reach, reaction); 4) cross-channel impact (sum total of effect across separate channels); 5) emerging metrics (attitude and sentiment, fads that effect online performance).

Efficiency metrics to be analyzed include the single access ratio (SAR) – the percentage of users who leave a site as soon as they arrive – plus destination, attractions and event comments and discussion within the social medium.

Basic reach numbers – the number of impression unique viewers, or ad click-thrus – will be measured through tools such as Google Analytics. Comparing cost effectiveness of online channels can be achieved by looking at costs for the following: cost per click, cost per keyword within search, cost per lead, and cost per impression. All of these factors, when measured within the current context of user behavior lend insight into our marketing efficiencies. Upon completion of our new website, we will be able to include self-reported consumer feedback using online survey tools that will provide additional understanding of consumer intent, trends and loyalty.

As consumers spend more time engaged in social media, emerging metrics – including tracking of blogs, length of engagement and viral forwards – will become easier to measure. Currently, some of these modes of communication can be measured at little to no cost, while others require additional funds to track. The Department will engage in utilizing as many no-cost/low-cost measurement tools as possible.

Online co-ops for 2009-2010 are:

- 24/7 Ad Network
- Away.com
- Budget Travel Marketplace eMail Newsletter
- TravelGuidesFree.com
- TripAdvisor.com

#### Collaboration:

We will strongly rely on the industry to maintain the accuracy of the database, attractions and events. Highlighting seasonal activities will be a key component to keeping the site fresh and alluring. The Department will embrace the opportunity to promote events occurring at the State Parks, historical sites, main streets, and etc.

While the redevelopment of the site is underway, the Department can not lose site of the importance of online marketing. We will continue to invest in specifically selected online media - monitoring and modifying the plan as analytics reveal strengths and weakness.

## E-NEWSLETTER PROGRAM

Email delivers \$45.06 for every dollar spent – the highest ROI of all marketing channels² – but just because it can be inexpensive, doesn't mean that it is self-sufficient. The Department of Travel deploys a monthly e-newsletter to approximately 152,000 opt-in subscribers 12 times per year. The format includes monthly themed articles, stories about what's new in Kentucky, quirky destinations and deals and discounts. Throughout the 2009-2010 year, the Department will strive to improve the distribution numbers and open rate for each deployment. Currently, the e-newsletter has a 21 % open rate. Click thrus to featured content averages about 1710 number of viewers per month. While these numbers aren't astronomically high, they are important numbers as they are readers who have chosen to seek more information about certain attractions. They can be considered as qualified leads sent directly to sites featured in content.

This year, the Department will be partnering with Miles Media (our Official Visitors Guide partner) to bolster the content and results of our e-marketing efforts. We will be examining the following ways to improve the program:

- Overall content and consumer value
- Layout and flow of information
- Link
- Preference elements
- Opportunity for feedback
- Timing and frequency
- Industry involvement and value

<sup>&</sup>lt;sup>2</sup> "Power of Direct," Direct Marketing Association, October 2008

# E-Mail Marketing Open Rates in North America, by Industry, Q1 2008 & Q1 2009

	Q1 2008	Q1 2009
Business products and services-general	22.9%	29.1%
Business publishing/mediageneral	16.2%	17.8%
Consumer productsCPG	16.4%	17.1%
Consumer productsgeneral	20.8%	23.8%
Consumer productspharmaceutical	16.9%	26.6%
Consumer publishing/mediageneral	15.9%	16.7%
Consumer servicesgeneral	24.7%	20.0%
Consumer servicetelecom	22.5%	22.9%
Financial servicesCC/banks	28.9%	27.4%
Financial servicesgeneral	25.6%	31.4%
Nonprofit/educationgeneral	23.1%	24.3%
Retailapparel	12.8%	14.3%
Retailelectronics	24.4%	17.6%
Retailgeneral	16.3%	22.9%
Retailspecialty	17.3%	19.1%
Travel/hospitalitytravel services	24.2%	23.3%

2009 105301 www.eMarketer.com

## MARKETING PLAN

## INTERNATIONAL MARKETING

Kentucky Travel continues to promote itself to international markets that have the greatest interest and availability to travel to Kentucky – Canada, the United Kingdom, and Japan. The iconic attractions of horses, bourbon and bluegrass hold great value to these long distance travelers.

Marketing collaborative programs through Travel South USA has enabled Kentucky to have a continual presence with the Canadian Automobile Association (CAA) as well as at a variety of consumer events. In October of 2009, Kentucky will participate in Discover America Day where Canadian media and tour operators will be given a chance to learn more about the southern United States and Kentucky.

## Canada Replacing UK as Number One International Market:

The Orlando/Orange County CVB is suggesting that Canada is about to take the place of the UK as the area's top international tourism market. The latest data released by the bureau indicates that visitation from the UK is expected to drop 16.4 percent this year, from 959,000 travelers in 2008 to 801,000 in 2009. Even though the number of visitors from Canada, which had been the Orlando region's second-largest international market, is expected to decline, it won't be as much as the drop-off from the UK. The CVB projects that the number of Canadian tourists will slide 8.5 percent, from 940,000 to 860,000 in 2009. It also expects the difference between UK and Canadian visitors to grow in 2010, when it says that travel from the UK will fall another 2.9 percent while travel from Canada will increase 5.4 percent.

Inbound, September 2009

The 2010 World Equestrian Games will provide Kentucky a unique opportunity to showcase ourselves to the world. Kentucky Department of Travel has opted to participate in a few select international horse shows chosen specifically to assist in promotion of the Games to the horse community.

The Windsor Horse Show/European Championship – August 2009 Spruce Meadows Horse Show, Calgary, Canada – September 2009 Royal Winter Fare, Toronto, Canada – November 2009.

This year the Department will deploy targeted e-mail messages to international travelers through a partnership with Discover America Visitors Guide and its website.

Additionally, the intelligence gathered through implementation of the VisaVue© research program will allow considerable insight as to where the greatest number of international tourists arrive from and their spending patterns.

#### **GROUP TRAVEL and TOURS**

In 2009-2010, the Department will work to expand the network of tour operators that include motorcoach tours to Kentucky in their sales portfolio by attending trade shows and networking with the group tour community. As more operators are aware of the destinations and events throughout the state that can accommodate group tours and the value they will find in Kentucky, the more likely they are to include them in their itineraries.

### Conferences fiscal 2009 - 2010

American Bus Association – January 9-15, 2010, Baltimore, MD. Marketplace for member tour operators/bus owners to meet with destinations and suppliers to discuss tour options for their clients. Expect to meet in one-on-one prescheduled appointments with up to 55 tour operators to discuss Kentucky as a destination for their clients.

**Heartland Travel Showcase** – February 19-21, 2009, Columbus, OH. Marketplace for tour operators to meet with destinations and suppliers from the midwest area of the US to discuss tour options for their groups. Expect to meet in one-on-one prescheduled appointments and open tradeshow floor with up to 40 tour operators

**Travel South USA Showcase** – April 10-14, 2010, Birmingham, AL. Marketplace for qualified tour operators and media to meet with destinations and suppliers from the 12 southern states to learn about new ideas for their groups. Expect to meet with 40 – 50 tour operators with industry partners to discuss Kentucky facilities and destinations.

Advertising efforts targeting this audience connect directly to the GroupTraveltoKentucky.com website. This site will be fully integrated in the KentuckyTourism.com website once the new site website is built.

#### Collaborative Opportunity

It is essential that the Department partner with destinations, attractions and events across the state to ensure comprehensive and unified promotional efforts towards attracting and supporting the group tour market. The Department is interested in collaborating with industry partners on shows and advertising and also welcomes insight and feedback gained through industry member participation in various events.

# **Meetings and Conventions**

The Department will continue to promote the Commonwealth of Kentucky as an ideal meetings and convention destination. Advertising and marketing efforts will be targeted specifically to media and meeting planners that are looking for the outstanding value and service that Kentucky has to offer. A variety of cooperative advertising opportunities exist through the Tourism Marketing Incentive Program. In addition, the state will reach out to regional and national meeting planners by supporting industry presence at trade shows, distribution of the Kentucky Meeting Planners Guide, and maintaining the MeetInKentucky.com website.

## Conferences fiscal 2009 - 2010

Rejuvenate – TBD. The tradeshow is specifically organized for qualified faith-based meeting planners and suppliers.

Connect – August 27-30, 2009, Las Vegas, NV. Show allows for appointments with small market meeting planners including those planning meetings for educational, reunion and fraternal groups.

#### CALL CENTER AND WELCOME CENTERS

The main goal of the Kentucky Welcome Center and Call Center is to encourage people to travel within Kentucky. Travel counselors are charged with increasing visitation by promoting activities throughout the state, thus encouraging overnight stays. In order to achieve these goals, throughout the year, the staffs at the Centers are encouraged to:

- Familiarize themselves with new product
  - Utilize online resources to find and learn about new destinations, attractions and events
  - Participate in Familiarization Tours (FAM Tours) whenever fiscally feasible
- Participate in cross-training by sharing best practices among Center employees across the state
- Showcase Kentucky events and product by:
  - Hosting local facilities, artisans, musicians
  - Creating attractive, interesting seasonal displays
- Provide value to customers by offering discounts/special rates/coupons as available from local suppliers.

Each of the Welcome Centers is supplied with tourism literature geared to encourage visitation to local attractions. Despite ongoing budgetary concerns, the Department of Travel is committed to investigate every option available to maintain staffing of the eight Welcome Centers seven days a week. Currently the Centers are fully staffed and operating on a normal schedule, Monday through Sunday. The safety and security of the employees at the Center is of utmost importance and the hours of operation hinge jointly on Department of Transportation and Department of Travel funding available to maintain adequate staff coverage.

In spring of 2009, the Call Center for tourism related inquiries was moved from the Frankfort office to the Welcome Center in Shelby County. The move has allowed callers access to travel counselors seven days a week. The travel counselors at the Shelby County Center have been cross-trained to handle consumer inquiries received on the toll-free lines used in advertising as well as to assist guests stopping at the Center. Additionally, they assist in updating and maintaining the database of information regarding tourism destinations, attractions and events. This information is critical to providing potential tourists - both callers and online browsers – with the latest, most comprehensive information and referral references available to assist with travel planning.

As the World Equestrian Games looms ahead on the calendar, the Department plans to take a close look at the first impression many international and out-of-state visitors will get when stopped at the Centers deemed most likely to be along the highest traffic routes to the Games. Spruce up efforts being considered for this year include:

- Welcome Banners
- Promotional Signage
- Cosmetic repairs including paint, wall hangings and minor landscaping
- Improved branding and promotional messaging

The first impression the Welcome Centers offer of our state can sometimes be the only impression people get of Kentucky. From an economic development perspective to revenue from tourism, to state pride, the Welcome Centers play an important role in the overall branding of Kentucky.

#### **FULFULLMENT**

Shrinking budgets stretched by seemingly endless postal price increases have lead to constant monitoring of fulfillment costs. The irony of the situation is that as advertising effectiveness increases, so does the expense of fulfilling additional inquiries. Research has shown that despite the number of people researching and booking travel online, the Official Visitors Guide is still a valuable printed resource. Publishing of the 2010 Official Visitors Guide will be done in cooperation with Miles Media, a nationally recognized publishing company specializing in award winning guides. The Guide will be written with input from respected Kentucky travel writers and the advertising sales force hired from Kentucky applicants. A self-liquidating model for publishing, where advertising will offset printing and publishing costs, has been adopted in order to save money previously dedicated to such expenses.

In order to maintain postal efficiencies, each Guide will weigh less than one pound. Bulk shipping will be supplied by Prison Industries, who provide extremely competitive rates and accommodating service. By February 2010, a supply of 400,000 Official Visitors Guides will be ready for distribution at:

- Welcome Centers
- Trade Shows
- International and Domestic Request
- Rest Areas
- State Parks
- Convention and Visitors Bureaus and Visitor Centers across the state

## **ARROWCASTING**

Television screens featuring video footage of advertised destinations, attractions and events have been placed at each of the eight Welcome Centers, the Kentucky Horse Park, the Kentucky History Center and the Artisan Center. Advertising on the screens is available for purchase through the Kentucky Tourism Council. This year, the Department of Travel is committed to making the following upgrades to this innovative, motivational advertising opportunity:

- Use of audio with video segments
- Split screen technology to provide travelers with important information such as traffic/weather while attracting additional exposure to featured advertisers
- Visibility to be seen and heard 24/7. Currently, the screens can only be seen during normal business hours. Every effort is being made to create traveler access to this advertising venue even while the Centers are closed at night.

# **Adventure Tourism Advertising Plan**

#### **BROADCAST**

#### Television

Despite new trends and changing media patterns, TV is still the most effective medium to communicate with lots of people. The Office of Adventure Tourism has targeted the 24-54 age group and is actively pursuing them through television ads.

#### **Network Goals**

- · Louisville, KY
- Lexington, KY
- Cincinnati, OH
- · Charleston-Huntington, WV
- St. Louis, MO
- Nashville, TN
- Knoxville, TN
- Evansville, IN
- Indianapolis, IN

## Cable Goals

- Lexington
- Louisville
- Northern Kentucky
- Bowling Green
- Paducah

#### **PRINT**

Print media is a very effective means of creating interest in outdoor recreation in Kentucky. The Office of Adventure Tourism will co-op with the Department of Travel as well as focus on the demographic.

#### Target Sources

- Blue Ridge Outdoors
- Outside Magazine
- National Geographic Explorer
- **Outpost Magazine**
- Trail Rider
- Field and Stream
- Garden and Gun
- Kentucky Living
- Kentucky Monthly

#### ONLINE

In an ever changing media spectrum, the internet is fast becoming the medium of choice for the "outdoor recreation demographic". In addition to working with the Department of Travel in building a new, user-friendly website, the Office of Adventure Tourism is targeting outdoor websites and social media.

### Target Sites

- Gordon's Guide
- Louisville Metro Mojo
- Nashville Metro Mojo
- Tops in Lex

## **PRESS TRIPS**

The Office of Adventure Tourism will host two press trips a year, one in the spring and one in the fall. The office will also coordinate with the Department of Travel in their efforts.

#### TRAVEL SHOWS

The best way to communicate is direct interaction. That being said, the Office of Adventure Tourism will take the show to the road and go to travel shows in Chicago, Washington, DC, and Toronto, Ontario.

#### **PUBLIC RELATIONS PLAN**

#### DOMESTIC AND INTERNATIONAL PUBLIC RELATIONS

Public Relations is a key tool in presenting integrated story ideas and news to in-state, national and regional media to benefit all of the travel regions in Kentucky. With fewer marketing funds available for advertising, it is imperative that Kentucky is vigilant in capitalizing on all earned media opportunities. By using online technology, we are able to maximize distribution and resources. The public relations office will:

- Develop/distribute a series of tailored story pitches and press releases, coordinated with calendar of events
- Develop innovative communications materials to deliver information into travel writer and editors hands
- Conduct media visits to create and nurture relationships between Kentucky and key media most likely to be interested in writing about the state
- Coordinate familiarization tours for vetted travel writers and editors
- Bolster public relations efforts directed specifically at international markets.

### Message Distribution Channels - In State

- Kentucky newspapers (print and web)
- Local radio stations (and their websites)
- Local televisions (and their websites)
- Kentucky Tourism Council
- Kentucky Association of CVBs
- www.kentuckytourism.com
- Tourism Insider
- State Agencies and Cabinet partners

#### **Story Concepts to include:**

Seasonal angles including:

Color Fall

Discover Your Own Backyard

- Calendar of events
- Perennial adventures
- Uniquely Kentucky experiences
- Regional collaboration
- Emerging travel trends and products
- Commemorations, anniversaries, celebrations
- New product

## **SOCIAL MEDIA**

Social media has many definitions, but basically it is a communications format where the user publishes content using web enabled/electronic technology. The application of social media to tourism marketing changes as quickly as the technology that supports it does, however there is no doubt that it should be included in tourism marketing and planning. The goal for using social marketing is to spark positive conversation about destinations, attractions and events throughout the state. Those brief conversations should point back to Tourism's website and grow into planning visits and extended stays. Planning a way to connect people to people via technology is somewhat tricky since tactics will vary as technology quickly advances and consumer behavior changes.

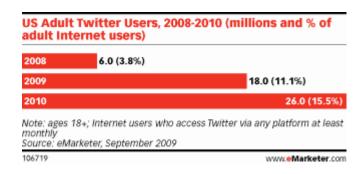
Popular forms of Social Media involve user generated content that range from video/photos, reference information and ratings, to personal and professional networking. Flickr, YouTube, Diggit, LinkedIn, and Twitter are only a few that represent the growing list of ways products and ways people are connecting via technology.







The challenge is monitoring and managing them all! The Department of Travel will focus on Twitter and Facebook. Weekly Tweets are sent out through the Communications office and there are several Facebook pages set up: Mike Cooper Travels, Kentucky Unbridled Spirit and Kentucky Tourism. These outlets will be used to create a buzz about specific events and news items. Followers will be driven to our website for complete details on what is communicated as well as be encouraged to read about other tourism opportunities. While social media is a much talked about topic, it is important to keep in perspective how and who is engaged with it and how it is most effective. The Department will continue to monitor research and employ tracking mechanisms as they become available.



# THE KENTUCKY EXPERIENCE AT THE ALLTECH FEI WORLD EQUESTRIAN GAMES 2010

Kentucky will be in the spotlight as hundreds of thousands of visitors converge at the Kentucky Horse Park for the Alltech FEI World Equestrian Games in September/October 2010. While eyes from around the world are upon us, we want to encourage visitors to explore and enjoy the wide variety of unique destinations, attractions and events throughout all of Kentucky. The Kentucky Experience, a 25,000 square foot facility, will be erected at the Kentucky Horse Park during the games to showcase the Bluegrass States' great wealth of culture, attractions, products and scenic beauty. The mission of the Kentucky Experience is to educate and entice our international and domestic visitors to explore the wealth of tourism opportunities that abound throughout all of Kentucky. The Kentucky Experience will be used as an invitation to plan trips throughout the state to experience the our Unbridled Spirit.

#### MARKETING INITIATIVES

The Department of Travel will directly market to World Equestrian Games ticket holders, through the following methods:

- Monthly E-Newsletter highlighting different regions of the state, sponsor information and featured packaged tours and itineraries
- All marketing efforts take them directly to www.TheKentuckyExperience.com
  website where they can plan their trip, get itinerary ideas, purchase a
  package tour, or find general information about Kentucky while they are here
- Banner ads on the www.alltechfeigames.com website, linked directly to the Kentucky Experience website for further information and planning.
- Facebook page for The Kentucky Experience with weekly updates and communication

Another target market is the "Horse Enthusiast" - equestrian followers who attend various horse shows around the world - but may not be familiar with the World Equestrian Games 2010, or Kentucky. We will market to them via e-lists that we have captured at Horse Shows or through acquired lists including:

- One E-Newsletter on The Kentucky Experience with an Opt-in option for further E-Newsletters to be sent of a quarterly basis
- Facebook page for The Kentucky Experience for weekly updates and communication

International Marketing to the general tourism consumer will be done through Discover America – USA Travel Guide and DiscoverAmerica.com, the official Travel and Tourism website of the United States. Campaign details include:

Four monthly "Great USA Escapes" e-blasts to 100,000 Internation Opt-in travelers

- One month Window Shade Homepage ad on the UK site of DiscoverAmerica.com
- One month Window Shade Homepage ad on the German site of DiscoverAmerica.com
- One fourth page ad in six languages of Discover America USA Travel Guide
- Two Months Skyscraper Ad on Discoveramerica.com
- Display ad link to TheKentuckyExperience website via electronic version of travel guide

## **PUBLIC RELATIONS INTITATIVES**

Communications and earned media are crucial to successful marketing of awareness of and attendance to the Kentucky Experience. Different messaging points will be developed for the variety of media niches and target markets/publications selected, including:

- Feature Article on the mission/purpose and goals around the Kentucky Experience
- Timely articles highlighting different aspects of the Kentucky Experience such as a region, bourbon trail, Kentucky Proud, Kentucky Artists, Entertainers, Jon Carloftis Courtyard, Horsemania, etc.
- Comprehensive Media Room on TheKentuckyExperience.com with feature story ideas including: Iconic Kentucky, Horse Farms, Uniquely Kentucky product. Video and photos will be made available to media to use in conjunction with the stories
- Template letter to editor for use by our Regional Representatives with local media on how the Kentucky Experience impacts their area
- Monthly World Equestrian Games Press Briefings

#### **NICHE MARKETING**

CIVIL WAR SESQUICENTENNIAL CULTURAL/HERITAGE AGRITOURISM

#### RESEARCH

The office of Research and Administration, based in the Office of the Secretary of the Kentucky Tourism, Arts and Heritage Cabinet will continue to work closely with the Department to develop and maintain a cohesive, centralized research program.

Over the upcoming months, the Office of Research and Administration will focus on providing targeted local, regional, statewide, and national research that supports informed, meaningful marketing decisions on all levels. As we recognize that markets and needs vary from region to region, indeed between communities, a focused plan will enable marketing funds to be used most effectively. The following areas of emphasis will be implemented:

#### **ECONOMIC IMPACT AND BUSINESS PROFILE**

Coordinated with Certec, Inc, the Kentucky Tourism and Travel Industries Expenditures Report will continue to be a key component in the research program. Based on independent data collection and business surveys augmented by national and state tax data and resources, this report provides direct and total tourism expenditures for each county in the Commonwealth.

The Office will continue to maintain a recently updated "profile", which is a compilation of all lodging, marinas, and attractions across the Commonwealth. An updated visitor profile and monthly tracking of trends will also be developed in the upcoming year.

#### TOURISM TRACKER

The quarterly Tourism Tracker newsletter will continue to be published and distributed electronically. This publication is designed to keep the tourism industry up to date on tourism trends and economic factors which affect travel.

#### **ROI / MARKETING EFFECTIVENESS**

One of the greatest needs that the office has identified is the ability to track marketing effectiveness. The office will develop tracking techniques which will highlight target markets both on a statewide and regional level. A highlight of this program will be to develop tracking of web driven responses.

#### **SMITH TRAVEL RESEARCH**

Smith Travel Research provides a monthly report on lodging trends for each region. We will continue to receive this report and will use it to augment the in-house research projects.

#### REGIONAL DEMOGRAPHICS

In order to assist regional marketing efforts in identifying target markets specific to each region, the office will develop regional demographic information.

#### SPECIALIZED RESEARCH PROJECTS

The office will continue to provide assistance for specialized research projects as needed. This includes coordination with all cabinet agencies as well as industry members throughout the Commonwealth. This may include conducting online surveys, focus groups and/or providing research templates.

#### RESEARCH PUBLICATIONS

The office will review the Travel Advance®, US Travel Association produced publications, and other research publications. Key articles and information will be retained in order to provide speaking points for the Secretary of the Cabinet, the Office of Communications and any other entities who require such information.